



Niagara-on-the-Lake Hydro Inc.

April 14, 2009

VIA RESS, E-mail and Mail

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
26th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Niagara-on-the-Lake Hydro Inc. 2009 Rate Application

Response to VECC Comment on DRO - OEB Case EB-2008-0237

Dear Ms. Walli

Niagara-on-the-Lake Hydro Inc. is pleased to submit a response to the following VECC comment on the draft rate order regarding its 2009 Rate Application:

"VECC's only comment is with respect to the calculation of the cost of power for purposes of establishing the 2009 working capital allowance. On page 6 of the Draft Rate Order, Niagara on the Lake calculated the revised cost of power value using the Board's most recent projected RPP price forecast (\$0.0603 / kWh). However, as noted in the Board's decision (page 16), the Distributor expressed the view that the forecast HOEP price was more appropriate than the forecast RPP price. In its Decision, the Board did not provide any express direction as to which value should be used. As a result, VECC is of the view that Niagara on the Lake should have use the forecast HOEP value of \$0.0516 / kWh in its calculations."

Response:

As indicated by VECC, the Board did not provide express direction as to which value should be used. Consequently, on March 26, 2009, NOTL requested clarification from OEB staff via e-mail as to whether HOEP or RPP should be used. We were advised by OEB staff on March 26, 2009 that the Navigant approach is based on RPP. Therefore, the revised cost of power was calculated using the Navigant RPP forecast of \$0.0603 / kWh.

Yours truly

Jim Huntingdon, President

CC Interveners and OEB staff